



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA
PO BOX 942879, SACRAMENTO, CALIFORNIA 94279-0080
(916) 322-2270 • FAX (916) 324-3984
www.boe.ca.gov

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First District, San Francisco

SEN. GEORGE RUNNER (RET.)
Second District, Lancaster

MICHELLE STEEL
Third District, Rolling Hills Estates

JEROME E. HORTON
Fourth District, Los Angeles

JOHN CHIANG
State Controller

KRISTINE CAZADD
Interim Executive Director

STATE BOARD OF EQUALIZATION MEETING
450 N Street, Room 121, Sacramento
April 26-27, 2011
NOTICE AND AGENDA
Meeting Agenda (as of 9:00 a.m., 04/27/11)

[Agenda Changes](#)

[Webcast on Tuesday, April 26, 2011](#)

Tuesday, April 26, 2011

10:00 a.m. Board Committee Meeting Convenes*

Board Meeting Convenes upon Adjournment of the Board Committee Meeting**

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda. Items may be postponed to a subsequent day; however, items will not be moved to an earlier day.

Board Committee Meetings*

[Business Taxes Committee](#).....Ms. Yee, Committee Chairwoman

1. Proposed changes to Regulations 1807, *Petitions for Reallocation of Local Tax*, and 1828, *Petitions for Distribution or Redistribution of Transactions and Use Tax*
Request approval and authorization to publish proposed revisions to improve the local tax appeals process.
2. Proposed Regulation 1685.5, *Calculation of Estimated Use Tax – Use Tax Table*
Staff request for approval to publish the proposed regulation to implement the new use tax table provisions of Revenue and Taxation Code section 6452.1.

Board Meeting**

- A. Homeowner and Renter Property Tax Assistance Hearings
There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Hearing

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

B1. [David Jones and Jamie Jones, 525089 +](#)

For Appellant: David Jones, Taxpayer
Mark Shaltes, Representative
For Franchise Tax Board: Kathryn Frank, Tax Counsel
Diane Ewing, Tax Counsel

C. Sales and Use Tax Appeals Hearings

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

C1. [Glen Eugene Pearson III and Stephen Terrance Pearson, 406221 \(KH\) +](#)

For Petitioners: Jesse W. McClellan, Representative
For Department: Cary Huxsoll, Tax Counsel

C2. [Hall's Window Center, Inc., 486260 \(KH\) +](#)

For Petitioner: Robert Grandinetti, Representative
Andrew Grandinetti, Representative
For Department: Cary Huxsoll, Tax Counsel

C3. [Matthew Howard Rokes, 401819 \(KH\) +](#)

For Petitioner: Appearance Waived
For Department: Scott Claremon, Tax Counsel

C4. [Juan Manuel Gallardo, 466120 \(BH\) +](#)

For Petitioner: Mario West, Representative
For Department: Scott Lambert, Hearing Representative

C5. [Jarnail Singh, 469091 \(KH\) +](#)

For Petitioner: Abe Golomb, Representative
For Department: Scott Lambert, Hearing Representative

D. Special Taxes Appeals Hearing

This item is scheduled for Wednesday, April 27, 2011.

E. Property Tax Appeals Hearings

There are no items for this matter.

F. Public Hearing

- F1. Property Taxes – State Assessee Presentations on the Valuation of State-Assessed Properties..... Mr. Thompson

The Board will hear State assessee's presentations on the valuation of state-assessed properties.

Speakers: Andrew Van Horn, Van Horn Consulting, representing City of Huntington Beach

Tina Krause, Real Property Agent, City of Huntington Beach

~~Peter Michaels, Law Office of Peter Michaels, representing State Assessed Gas/Electric, Intercounty Pipeline, Telephone and Railroad Companies~~

Tax Program Nonappearance Matters

The following items are scheduled for Wednesday, April 27, 2011.

- G. Tax Program Nonappearance Matters – Consent
- H. Tax Program Nonappearance Matters – Adjudicatory
- I. Tax Program Nonappearance Matters

Chief Counsel Matters

Items that appear under these matters provide information to the Members and may require Board action or direction.

J. Rulemaking

- J1. *Petition to Amend Property Tax Rule 462.060, Change in Ownership–Life Estates and Estates for Years; Property Tax Rule 462.100, Change in Ownership–Leases; Property Tax Rule 462.160, Change in Ownership–Trusts; Property Tax Rule 462.180, Change in Ownership–Legal Entities and Property Tax Rule 462.260, Date of Change in Ownership +* Ms. Ruwart

Petition to Amend Property Tax Rules 462.060 (Life Estates and Estates for Years), 462.100 (Leases), 462.160 (Trusts), 462.180 (Legal Entities), 462.260 (Date of Change in Ownership) to prohibit a change in ownership in certain circumstances as a violation of due process.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes

M. Other Chief Counsel Matters

- M1. *Assessor for County of Santa Barbara (Appellant) v. Assessment Appeals Board No. 1 (Respondent)*, Santa Barbara County Superior Court Case No. 01244457, Court of Appeal (2nd District) Case No. B229656 (Real Parties in Interest/Respondents: Rancho Goleta Lakeside Mobileers, Inc., and Silver Sands Village, Inc.) + Mr. Moon
Request approval to file an amicus curiae brief regarding the valuation of resident-owned mobilehome park interests under Revenue and Taxation Code section 62.1 and the Board's guidelines.
- M2. Outreach Partnerships Ms. Cooke
Discussion of the development of guidelines for outreach partnerships.
- M3. Statements of Economic Interest (FPPC Form 700s) and Travel Claim Schedules Ms. Cooke
Discussion of establishing a practice of posting Statements of Economic Interest (FPPC Form 700s) and travel claim schedules for Board Members, their staff, and executive staff members on the Board's website.

Administrative Session

The following items are scheduled for Wednesday, April 27, 2011.

- N. Consent Agenda
- O. Adoption of Board Committee Reports and Approval of Committee Actions
- P. Other Administrative Matters

Q. Closed Session

These items are scheduled for Wednesday, April 27, 2011.

Recess - The meeting will reconvene on Wednesday, April 27, 2011, at 9:30 a.m.

General information regarding Board and Committee Meetings can be found at www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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The hearing location is accessible to people with disabilities. Please contact Joann Richmond at (916) 322-1931, or e-mail Joann.Richmond@boe.ca.gov if you require special assistance.

Diane G. Olson, Chief
Board Proceedings Division

- * Public comment on any committee agenda item will be accepted at the beginning of the committee meeting.
- ** Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this Item.
- ++ Material will be available at a later date.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



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C. Sales and Use Tax Appeals Hearings

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

C6. [Cypress Semiconductor Procurement, LLC, 445411 \(GH\) +](#)

For Petitioner: Dave Gaul, Representative
Reed Schreiter, Representative
For Department: Bradley Heller, Tax Counsel

C7.a [Black Hawk Tobacco, Inc., 445011 \(EH\) +](#)

C7.b [Frederick Allen McAllister, 417165, 445001, 469656 \(EH\) +](#)

For Petitioners: Frederick McAllister, Taxpayer
Michael A. Robinson, Attorney
Tim Hennessy, Attorney
David E. Schroeder, Representative
For Department: Stephen Smith, Tax Counsel

C8. [Edmond A. Heinbockel and Lydia Rose Heinbockel, 354404 \(UT\) +](#)

For Petitioner: David Harlow, Representative
For Department: Scott Claremon, Tax Counsel

C9. [Media Management Service, Inc., 294859, 391611 \(EA\) +](#)

For Petitioner: James H. Elmore, Representative
Clyde W. Sleight, Representative
For Department: Cary Huxsoll, Tax Counsel

C10. [Living Spaces Furniture, LLC, 425660 \(AA\) +](#)
 For Petitioner: Joseph A. Vinatieri, Attorney
 Grover Geiselman, Witness
 TexAnn Simmons, Witness
 For Department: Bradley Heller, Tax Counsel

C11. ~~[Peelle Technologies, Inc., 390328, 451512 \(GH\) +](#)~~
~~For Petitioner/Claimant: Dayn Pefferle, Taxpayer~~
~~For Department: Andrew Kwee, Tax Counsel~~

D. Special Taxes Appeals Hearing

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

Petition for Release of Seized Property

D1. ~~[Wahid Ahmad Taki, 547438 \(ET\) +](#)~~
~~For Petitioner: Richard E. Coombs, Attorney~~
~~Wahid Ahmad Taki, Taxpayer~~
~~Flash Hastings, Witness~~
~~For Department: Pamela Mash, Tax Counsel~~

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- G1. Legal Appeals MattersMr. Levine
- Hearing Notices Sent – No Response
 1. Enrique Parra Pimentel, 447458, 457732 (KH)
 2. ~~Thomas Eugene Brosi, 451594 (KH)~~
 3. Krishna Kumari, 472802 (CH)
 - Hearing Notice Sent – Appearance Waived
 4. Cash For Cars, Inc., 380605, 414417 (GH)
 - Petitions for Release of Seized Property
 5. Nassir Nassr Abdallah, 557456 (ET)
 6. Evon Halaka, 557492 (ET)
 7. Ashot Oganessian, 556257 (ET)
 8. Serve Well Market, Inc., 556237 (ET)
 9. Wafaa Gabr Booth, 557528 (ET)
 - Petitions for Rehearing
 10. Finbars Italian Kitchen SB, Inc., 435792, 519738 (EA)
- G2. Franchise and Income Tax MattersMr. Ambrose
- Hearing Notices Sent – No Response
 1. Louie Elias, 534426
 2. Jefferson Jones, 519281
 3. Sharon Scott, 522446
 - Hearing Notice Sent – Appearance Waived
 4. David Grochowski, 533565

➤ Decisions

5. Glenn T. Anderson, 510810
6. Nathan Anderson, 515674
7. ~~Nathan Anderson, 533432~~
8. Lisa A. Arnold, 505666
9. Janis Durelle Bartlett and Jay Jason Bartlett, 496458
10. Michael Beeman, 505719
11. Tammy Boule, 492973
12. Erich Boykins, 484701
13. David Brouse and Regina M. Brouse, 533306
14. Thomas L. Burrelsman, 496506
15. Obdulio V. Castaneda, 531563
16. Enrique Castillo and Maria C. Castillo, 507987
17. Robert Cramer, 482900
18. Steven Cranny, 464451
19. David N. Desisto, 492499
20. Cleo Dorsey, 527698
21. James Frankel, 525558
22. Deborah A. Goodrich, 468874
23. Lester H. Harman, Jr., 473080
24. Kathleen M. Holbrook and Mark V. Holbrook, 523023
25. Amber Robertson Irby and James Irby, 483842
26. Estate of Nokhey Lal (Dec'd) and Sanyukata Lal, 479640
27. Anthony Leonti and Marilyn Leonti, 510160
28. Isidro M. Leyva and Araceli M. Leyva, 535475
29. Ronald Machorro, 513675
30. Joseph F. McCullough, 521609
31. Jesus Padilla, 485852
32. Kenneth Piana, 497531
33. Michael Racine, 509433
34. Mario Rodarte, 467210
35. Thomas M. Santos, 531269
36. Hyuk Son and Hee W. Han, 534987
37. Kenny Terry, 493055
38. Arthur T. Thompson, 443770
39. Mario T. Valdovinos, 493311
40. Voyant International Corporation, 468705
41. Justin D. Walker, 514360
42. Robert R. Woolery and Joann L. Woolery, 439832
43. Joel Young, 486473

➤ Petitions for Rehearing

44. Teresa Benjamin, 487973
45. Donald R. Lee, 513965
46. Dexter Luther, 486933
47. Elizabeth Magness, 508940
48. Eric Mattson, 510013
49. Norman Schaffer, 497533
50. Steven T. Waltner and Sarah V. Waltner, 468742

- G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.
- G4. Sales and Use Taxes Matters.....Mr. McGuire
- Redeterminations
 1. Metron Technology Distribution Corp., 507424 (GH)
 2. Phillip A. Rosenband, 476900 (OH)
 3. Parameter Generation and Control, 532770 (OH)
 4. SEL Retail Operations, 489128 (OH)
 5. Tech Health, Inc., 470245 (OH)
 6. Journey Education Marketing, Inc., 534167 (OH)
 7. Janus International Corp., 524483 (OH)
 - Relief of Penalty/Interest
 8. Coach, Inc., 559491(OH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
- Credits and Cancellations
 1. Dale Allen Smith, 561451 (GH)
 2. Cardinal Health 303, Inc., 506464 (FH)
 - Refunds
 3. Final Film, 445086 (AS)
 4. Toyota Motor Credit Corporation, 505668 (AS)
 5. Chevron U.S.A., Inc., 557632 (BH)
 6. Regents of the University of California, 556675 (BH)
 7. Union Bank of California, 560087 (BH)
 8. International Medical Systems, Inc., 470370 (EH)
 9. Saint Jude Hospital, 547820 (EA)
 10. SCI California Funeral Services, Inc., 549186 (OH)
 11. Dave Dennison Co., Inc., 549182 (FH)
 12. Safe Credit Union, 484610 (KH)
 13. Chevrolet Motor Division, 558400 (OH)
 14. P W Gillibrand Co., Inc., 558859 (AR)
 15. Morgan Stanley Capital Group, Inc., 510868 (OH)
 16. Metropolitan Finance, LLC, 549187 (AP)
 17. Callaway Golf Sales Company, 549128 (FH)
 18. Arcadia Financial Ltd., 546344 (OH)
 19. Compton AG Services, LLC, 506800 (OH)
 20. Asbury Sacramento Imports, LLC, 557824 (KH)
 21. Tropicana Manufacturing Co., Inc., 486061 (OH)
 22. SEM Materials LP, 522986 (OH)
 23. Altaone Federal Credit Union, 549130 (AR)
 24. Imagine Print Solutions, Inc., 506604 (OH)
 25. Fastcredit Financial, Inc., 556971 (AS)

- G6. Special Taxes Matters Mr. Gau
- Redeterminations
 1. Equilon Enterprises, LLC, 284348 (MT)
 2. Equilon Enterprises, LLC, 327675 (MT)
 3. J.C. Newman Cigar Co., 382761 (ET)
 - Relief of Penalty
 4. Tesoro Refining, Marketing and Supply Co., 556532 (MT)
 - Denial of Claims for Refund
 5. Equilon Enterprises, LLC, 443025 (MT)
- G7. Special Taxes Matters – Credits, Cancellations, and Refunds Mr. Gau
- Refund
 1. Conocophillips Company, 506349 (EF)

There are no items for the following matters:

- G8. Property Tax Matters
 G9. Cigarette License Fee Matters
 G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

- H1. Legal Appeals Matters Ms. Chiu
- Petition for Release of Seized Property
 1. [Kashmir Singh Khinda, 549135 \(ET\)](#) +
- H2. Franchise and Income Tax Matters Mr. Ambrose
- Decision
 1. Outrigger Marina I., LLC, 472893
 - Cases Heard Not Decided
 2. Charles E. Grays II, 464314
 3. Valerie Nelson, 489125
 - Petition for Rehearing
 4. Rheem Manufacturing Company, 485872

There are no items for the following matters:

- H3. Homeowner and Renter Property Tax Assistance Matters
 H4. Sales and Use Taxes Matters
 H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
 H6. Special Taxes Matters
 H7. Special Taxes Matters – Credits, Cancellations, and Refunds
 H8. Property Tax Matters
 H9. Cigarette License Fee Matters
 H10. Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- I1. Property Taxes Matters..... Mr. Gau
- Audits
 1. Cybernet Communications, Inc. (7516) 'CF'
 2. Advanced Tel, Inc. (7952) 'CF'
 3. Intermetro Communications, Inc., (8044) 'CF'
 4. Charter Fiberlink CA-CCO, LLC (8061) 'CF'
 - Unitary Escaped Assessments
 5. Gill Ranch Storage, LLC (121) 'CF'
 6. IPC Network Services, Inc. (8029) 'CF'
 - Unitary Land Escaped Assessments
 7. Pacific Bell Telephone Co. (279) 'CF'
 8. T-Mobile West Corporation (2748) 'CF'
 - Board Roll Change
 9. 2010 Board Roll of State-Assessed Property 'CF'
- I2. Offers in Compromise Recommendations Ms. Kelly/ Ms. Fong
1. Allstate Cellular San Diego, Inc.
 2. California Host, Inc.
 3. R&R Yacht Sales, Inc.
 4. ~~Shinma Kusala~~
 5. Jamshid Malakouti
 6. Vicki Crabtree
- I3. Local Tax Reallocation Matters
There are no items for this matter.

Administrative Session

Items that appear under these matters provide information to the Members and may require Board action or direction.

N. Consent Agenda..... Ms. Olson
(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

- N1. Retirement Resolutions +
- Bonnie L. Cannon
 - Sharon Gregory
- N2. Approval of Board Meeting Minutes
- December 14-16, 2010 +
 - January 26-27, 2011 +
 - February 22-23, 2011 +
 - March 22-24, 2011 +

N3. [Readjustment to the Prepayment of Sales Tax on Diesel Fuel +](#)
Staff recommendation to readjust the rate, effective July 1, 2011, at which prepayment of sales tax is to be made for sales of diesel fuel.

N4. [Proposed revisions to Audit Manual Chapters 2 and 5 +](#)
Request approval to update sections 0206.21, 0207.20, 0501.22, and 0506.30 to incorporate current policy and procedures.

N5. [2011/12 Tobacco Products Tax Rate +](#)
Staff recommendation for determination of the Fiscal Year 2011-12 Tobacco Products Tax Rate.

O. Adoption of Board Committee Report and Approval of Committee Actions

O1. Business Taxes Committee

P. Other Administrative Matters

P1. Executive Director's Report Ms. Cazadd

1. [Report on the time extensions to Butte, Orange, Trinity and Ventura counties to complete and submit 2011/12 Local Assessment Roll, pursuant to Revenue and Taxation Code section 155. +](#)

2. [CROS Project Update and Actions +](#) Mr. Gau
Progress on the CROS project to replace BOE's two current tax legacy technology systems.

There are no items for the following matters:

P2. Chief Counsel Report

P3. Sales and Use Tax Deputy Director's Report

P4. Property and Special Taxes Deputy Director's Report

P5. [Administration Deputy Director's Report +](#) Ms. Houser

1. Facilities Update

a. Nationwide Office Recommendations – Presentation on BOE's nationwide facilities.

b. Headquarters Facilities – Update on the Headquarters remediation project.

c. San Diego/San Marcos Site Search and Office of the Future Pilot – Update on the site search to relocate the San Diego and San Marcos Offices.

2. 2010/11 and 2011/12 Budget Update and Union Agreements

a. Information regarding the Governor's 2010/11 and proposed 2011/12 Budgets, and pending Union Agreements.

There are no items for the following matters:

- P6. Technology Deputy Director's Report
- P7. External Affairs Deputy Director's Report

Announcement of Closed Session Ms. Olson

Q. Closed Session

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code §§ 6901, 7093.5, 30459.1 and 50156.11).
- Q2. Pending litigation: *City of Palmdale, et al. v. State Board of Equalization*, Los Angeles County Superior Court, Case Number BS124919 (Gov. Code, § 11126(e)); *City of Los Angeles v. State Board of Equalization*, Los Angeles County Superior Court, Case Number BS124950 (Gov. Code, § 11126(e)); *City of Alhambra, et al., v. State Board of Equalization*, Los Angeles County Superior Court Case Number BS124978 (Gov. Code, § 11126(e))
- Q3. Pending litigation: *Governor Arnold Schwarzenegger, et al. v. State Controller John Chiang, et al.*, Sacramento County Superior Court, Case No. 34-2009-80000158 (Gov. Code § 11126(e)).
- Q4. Pending litigation: *Schroeder, et al. v. State Board of Equalization, et al.* Sacramento Superior Court Case No. 34-2008-00004467-CU-MT-GDS; *Frankot, et al. v. State Board of Equalization, et al.*, Sacramento Superior Court Case No. 34-2008-00012174-CU-PO-GDS; and, *Allen, et al. v. State Board of Equalization, et al.*, Sacramento Superior Court, Case No. 34-2008-00017014-CU-TT-GDS (Gov. Code § 11126(e)(2)(B)(i)).
- Q4.1. Pending litigation: *City of Fillmore v. State Board of Equalization (Cities of Industry and Livermore, Interveners)* Court of Appeal, Second Appellate District Case No. B219483 (Gov. Code § 11126(e)).
- Q5. Discussion and action on personnel matters (Gov. Code § 11126(a)).

Announcement of Open Session..... Ms. Olson

Adjourn

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